

# ATTACHMENT #5 to March 14, 2012 Agenda

## Finance Committee Meeting Minutes

March 6, 2012

9:06 a.m. Juneau Room

### I. Introduction:

#### Present:

Jeannie Johnson, Airport Manager  
Patty deLaBruere, Dep. Airport Mgr.  
Pete Carlson, Airport Board  
Tamara Cook, Airport Board  
Tim McDonnell, TEMSCO  
Kathy Smith, Alaska Airlines  
Tom Williams, Ward Air

Jerry Godkin, Airport Board  
John Coleman, Administrative Officer  
Mike Wilson, Coastal Helicopters  
Craig Jennison, NorthStar Trekking  
Marc Cheatham, Airport Special Projects Officer  
Steve Zimmerman, Airport Board (by phone)

### II. FY 10 Information Request

Patty deLaBruere, Deputy Airport Manager, said that FY10 financial summary is included at Attachment #1 of the agenda, as requested at the previous meeting.

### III. FY 12 Projected, and FY 13 and FY 14 Proposed Budgets

Ms. deLaBruere stated that there had been a few changes to the budgets since the last meeting. In FY 12, ARFF re-evaluated their expenses and cut \$3,700. This decrease now drops the projected deficit to –(\$371,100). No further changes or adjustments required for FY 12 budget. As stated in the last meeting, the anticipated shortfall will be pulled from the Airport's fund balance.

Since the last meeting, Airport staff also re-evaluated their budget. For FY 13 and 14, Revenues were \$40,000 short on the summaries due to an incorrect link in the financial model formula. Staff fixed the formula and reviewed the model to ensure accuracy of all numbers. Revenues for both years now show the additional \$40,000 in revenues. FY 14 Expenses have been decreased by \$43,600 in the Personnel for Health & Wellness cost. City Finance informed departments last week to use the FY 13 budget amount for FY 14, thus decreasing Personnel costs for this year. FY 14 Revenues were increased \$67,500 for other terminal leases. Staff believes that the previously budgeted shortfall (meeting rental room and departure lounge food sales) will be remedied by then and revenues will meet original projections. Additionally, the Airport has applied \$300,000 of their existing fund balance to help offset the FY 13 deficit. All of these changes are included in the new budget numbers as seen in Attachments #2, #3 and #4 of the agenda. Ms. deLaBruere enumerated the increased costs and revenue shortfalls still seen in the deficits for FY 13 and FY 14; she proposed using \$300,000 from the \$3 million Fund Balance, as well as Landing Fee and Fuel Flowage Fee increases, to balance FY 13. She said that FY 14 can be submitted as a deficit budget, because it is too early to raise rates. She said that FY 14 budget will be revisited next year for a clearer financial picture. Also, the increase in Landing Fees and Fuel Flowage Fees for FY 13 would carry into FY 14, thus lowering the deficit. Kathy Smith, Alaska Airlines, said the company is not opposed to using the

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Fund Balance to offset rate increases. She said they generally prefer airports to have shorter- rather than long-term operating reserves, anyway. She said she did not support the Security Fee for FY 13, since she had not had a chance to budget for it. Ms. Smith asked what methodology was used to come up with the 85/15 split on the airfield. Ms. deLaBruere stated that she does not know what financial basis was used, but remembers the talks involving the tenants with regard to the balance being extremely off. The Airport was simply pulling numbers to make the budget balance. At that time, she remembers the allocations being approximately 75/25 and revenues (including concessions) were not industry standard and were not balancing. She stated that ARFF was specifically pulled out of the airfield cost center allocations and made into its own cost center. An argument was made, at that time, about the requirement for ARFF on the shoulders of the Part 121 air carrier. But based on historical usage by GA and 135 operators, and the fact that based companies received an insurance benefit from 24/7 ARFF at this Airport, the allocation went to a 95/5 agreed split. Ms. Smith said that Alaska Airlines is well aware of the costs involved for ARFF and, well aware of increased costs when an increase to the ARFF index is required. Ms. Smith stated that as the sole 121 air carrier, they realize they will have the bulk of the costs (since there isn't another carrier to split costs), and no matter how the air carrier portion is split, it will have to be picked up somewhere. It comes down to really watching the expenses and cuts; but Ms. Smith stated that Juneau has done a good job managing this. Ms. Smith asked if the Airport remembered what percentage was estimated for increases for Alaska Airlines last fall. At that time, staff had not yet begun the Airport budget process, and was not able to provide estimated increases. Ms. Smith stated that she did budget for an overall percentage increase, but did not know how much. Regarding the proposed fee increases, Ms. Smith said that the proposed \$0.06 Fuel Flowage Fee increase for large jets is too great a percentage (70%). Ms. Smith stated that she would rather see the 10% increase to the Landing Fees and decrease the impact to the Fuel Flowage Fees. A recess was called so that Ms. deLaBruere could use the Financial Model to recalculate Fuel Flowage and Landing Fees.

A 30 minute recess was held at 9:50 am

Following the recess, Ms. deLaBruere proposed the new rates in a revision of Section IV of the agenda, as well as updates of Attachments #6, #7, and #8 [blue colored Attachment #10]. Ms. deLaBruere stated that the new proposed rates achieved the 10% Landing Fee increase and dropped the Fuel Flowage fee increase to 47%. She also stated that the result of these fees changes left a small balance of \$6,100 that could be picked up with additional fund balance (now \$306,100). The new rates would be: Signatory Landing Fees to \$2.18/per 1,000 lbs (increase of \$0.20), estimated annual revenue of \$140,000; Non-Signatory Landing Fees to \$2.73/per 1,000 lbs (increase of \$0.25), estimated annual revenue of \$6,300; Signatory Fuel Flowage Fees for aircraft 12,500 lbs. or more to \$0.125/per gallon (increase of \$0.04), estimated annual revenue of \$114,000; and Non-Signatory Fuel Flowage Fees for all aircraft to \$0.20 (increase of \$0.005), estimated annual revenue of \$2,800.

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Ms. Smith asked what the non-signatory landing fee rate represented. Ms. deLaBruere stated that it was 25% more. Ms. Smith acknowledged that this was the maximum of the industry standard range that she has seen.

If these increases are approved, they would also apply to the FY 14 budgets; likewise decreasing the budget shortfall for FY 14 to –(\$243,200). Staff has prepared the change to 07 CBJAC 10.020 Rates and Fees (a) Fuel Flowage Fees and (b) Landing Fees; appropriately, for anticipated approval by the Committee and to forward on to the Board to begin the Regulation change process for a July 1, 2012, implementation. Since this is a regulation, it must follow the public process.

Tamara Cook, Airport Board, made the following motion: “*Finance committee recommends the following increases to Fuel Flowage Fees and Landing Fees, as highlighted, below, and to forward on to the Airport Board for approval; and begin the public process and subsequent submission to the Assembly for approval.*” Pete Carlson, Airport Board, seconded. Motion passed by unanimous consent.

**07 CBJAC 10.020 Rates and Fees** The following are rates and fees established by the Airport Board. These rates and fees may be subject to change by amendment and may be subject to City and Borough of Juneau Sales Tax.

- (a) **Fuel Flowage Fees.** For sales of aviation fuel and aviation fuel delivery services at the Juneau International Airport, the following fees shall apply:
- (1) Signatory.
    - (A) Aircraft with maximum certificated gross weight of 12,500 lbs. or less shall pay fuel flowage fee of \$ .155 per gallon.
    - (B) Aircraft with maximum certificated gross weight of more than 12,500 lbs. shall pay fuel flowage fee of **\$ .085 .125 per gallon.**
  - (2) Non-signatory.

All Non-signatory aircraft shall pay a fuel flowage fee of **\$ .195 .20 per gallon.**
  - (3) Exemption to Fuel Flowage Fees: The Civil Air Patrol (CAP) shall be exempt from Fuel Flowage Fees on missions, practice missions and fuel purchased in bulk by the CAP.
- (b) **Landing Fees.** Landing Fees shall be based on maximum take-off weight as certified by the FAA, for all types of aircraft whether empty or loaded, as follows:
- (1) Signatory.

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(A) Under 12,500 lbs., no fee.

(B) 12,500 lbs. and over, for each 1,000 lbs. or any fraction thereof: ~~\$ 1.98~~  
2.18 per 1,000 lbs.

(C) Exemptions to signatory landing fees:

- (i) Aircraft engaged in test flights.
- (ii) Aircraft compelled to return after take-off.
- (iii) Aircraft compelled to land under an emergency diversion situation.
- (iv) Public aircraft not engaged in commercial operations.

(2) Non-Signatory.

(A) Under 12,500 lbs., no fee.

(B) 12,500 lbs and over, for each 1,000 lbs. or any fraction thereof: ~~\$ 2.48~~  
2.73 per 1,000 lbs.

(C) Exemptions to non-signatory landing fees:

- (i) Aircraft engaged in test flights.
- (ii) Aircraft compelled to return after take-off.
- (iii) Aircraft compelled to land under an emergency diversion situation.
- (iv) Public aircraft not engaged in commercial operations.

Ms. deLaBruere stated that the second motion required of this meeting would be to pass the approved budget. Since the rates and fees regulation changes go hand-in-hand with the budget, a motion to approve the new budget figures inclusive of the rates and fees increase would need to be approved as well.

Ms. Cook made the following motion: “*Finance committee approves the FY 13 and FY 14 budgets, as presented in (amended) Attachments # 6, # 7, and #8 [blue colored Attachment #10], and to forward on to the Airport Board and subsequently, to the Assembly for adoption.*” Mr. Carlson seconded. Motion passed by unanimous consent.

Ms. Cook made the motion to adjourn. Mr. Carlson seconded. Motion passed by unanimous consent. Meeting adjourned at 10:53 a.m.

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### FY 10 FINAL SUMMARY

As of Feb 8, 2011

#### EXPENSE SUMMARY

	FY 10 BUDGET	FY 10 FINAL
PERSONNEL	2,327,200	2,274,420
SUPPLIES	739,000	565,657
SERVICES/CHARGES	2,099,200	1,959,380
TRAVEL/TRAINING	25,000	17,299
MISCELLANEOUS	0	4,985
CAPITAL OUTLAY	0	0
DEBT SERVICE	0	0
RESERVES	0	0
<b>TOTALS</b>	<b>5,190,400</b>	<b>4,821,741</b>

#### REVENUE SUMMARY

	FY 10 BUDGET	FY 10 FINAL
STATE/FED REVENUE	294,900	283,896
FUEL FLOWAGE FEES	486,000	427,605
LANDING FEES	1,461,000	1,398,619
USER FEES	105,200	105,583
RENTALS	2,337,500	2,223,647
INTEREST INCOME	105,300	192,682
FINES/MISC./OTHER	144,400	114,902
TRANSFERS/RESERVES	271,000	271,000
<b>TOTALS</b>	<b>5,205,300</b>	<b>5,017,934</b>

	FY 10 BUDGET	FY 10 FINAL
EXPENSES	(5,190,400)	(4,821,741)
REVENUES	5,205,300	5,017,934
<b>OVER/(SHORT)</b>	<b>14,900</b>	<b>196,193</b>

ATTACHMENT #1

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As of March 6, 2012

### EXPENSE vs. REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
<b>EXPENSES</b>	(5,103,997)	(4,958,800)	(5,217,600)	(5,320,700)	(5,348,600)
<b>REVENUES</b>	4,856,648	4,958,800	4,846,500	5,052,500	4,837,200
<b>OVER/(SHORT)</b>	(247,349)	0	(371,100)	(268,200)	(511,400)

ATTACHMENT #2

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As of March 6, 2012

### REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
STATE/FED REVENUE	265,629	266,800	264,900	304,000	304,000
FUEL FLOWAGE FEES *	411,884	425,000	425,000	425,000	425,000
LANDING FEES *	1,426,369	1,420,000	1,420,000	1,420,000	1,420,000
USER FEES	88,641	95,200	95,300	95,300	95,300
RENTALS	2,188,861	2,385,600	2,284,600	2,300,600	2,368,100
INTEREST INCOME	196,183	96,800	48,300	58,300	75,500
FINES/MISC./OTHER	115,081	110,300	149,300	149,300	149,300
TRANSFERS/RESERVES	164,000	159,100	159,100	300,000	0
<b>TOTALS</b>	4,856,648	4,958,800	4,846,500	5,052,500	4,837,200

ATTACHMENT #3

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PROPOSED EDITION 2

As of March 6, 2012

### EXPENSE vs. REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
<b>EXPENSES</b>	(5,103,997)	(4,958,800)	(5,217,600)	(5,320,700)	(5,348,600)
<b>REVENUES</b>	4,856,648	4,958,800	4,846,500	5,320,700	5,099,302
<b>OVER/(SHORT)</b>	(247,349)	0	(371,100)	(0)	(249,298)

ATTACHMENT #6

**ATTACHMENT #10**



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PROPOSED EDITION 2

As of March 6, 2012

### REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
STATE/FED REVENUE	265,629	266,800	264,900	312,100	312,100
FUEL FLOWAGE FEES *	411,884	425,000	425,000	539,002	539,002
LANDING FEES *	1,426,369	1,420,000	1,420,000	1,560,000	1,560,000
USER FEES	88,641	95,200	95,300	95,300	95,300
RENTALS	2,188,861	2,385,600	2,284,600	2,300,600	2,368,100
INTEREST INCOME	196,183	96,800	48,300	58,300	75,500
FINES/MISC./OTHER	115,081	110,300	149,300	149,300	149,300
TRANSFERS/RESERVES	164,000	159,100	159,100	306,098	0
<b>TOTALS</b>	4,856,648	4,958,800	4,846,500	5,320,700	5,099,302

ATTACHMENT #7

**ATTACHMENT #10**

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PROPOSED EDITION 2

As of March 6, 2012

### EXPENSE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
PERSONNEL	2,445,321	2,319,700	2,410,700	2,456,400	2,476,900
SUPPLIES	617,681	632,700	682,600	636,900	617,700
SERVICES/CHARGES	2,014,763	1,981,100	2,099,000	2,202,300	2,228,500
TRAVEL/TRAINING	16,924	25,300	25,300	25,100	25,500
MISCELLANEOUS	0	0	0	0	0
CAPITAL OUTLAY	8,848	0	0	0	0
DEBT SERVICE	460	0	0	0	0
RESERVES	0	0	0	0	0
<b>TOTALS</b>	5,103,997	4,958,800	5,217,600	5,320,700	5,348,600

ATTACHMENT #8

**ATTACHMENT #10**